

AD1 Business Update and Appendix 4C

Melbourne, Australia, 29 January 2021: AD1 Holdings Limited (ASX: AD1) (**AD1** or the **Company**), the provider of customer branded recruitment technology platforms, mentoring software solutions, utilities software billing services and management platforms and related services, today released its business update and the Appendix 4C for the December 2020 quarter.

Key December 2020 Quarter Highlights & Business Update

- Cash receipts from customers for the December 2020 quarter were \$1.39 million representing an increase of 46% compared to prior year (normalised cash receipts of approximately \$1.53 million up 60% on prior year reflecting delayed receipts of \$137k collected post the end of quarter).
- Operating outflows for the quarter of \$1.59 million included approximately \$172k in one-off transaction costs related to the acquisition of Art of Mentoring. Normalised for such one-off expenses, the operating outflows for the quarter were approximately \$1.43 million representing a decrease of 27% compared to the December 2019 quarter.
- Net operating cashflow continues to remain above breakeven excluding one-off transaction costs.
- Completed the acquisition of Art of Mentoring in October 2020 quarter adding a further diversified SaaS revenue stream to the Company. Since the acquisition, AoM has acquired 8 new clients (15 new clients since the start of the financial year) and continues to perform strongly.
- Notable customers for AoM include Toyota Australia, Fair Work Ombudsman, Aurizon and Royal Australian Navy.
- During the quarter, the meters under management for the utilities software division grew by approximately 5,000 (12.5%) both organically and from recent implementation. The Company is also awaiting confirmation from 3P Energy to commence implementation, which will further add to the Company's recurring revenue.
- New business pipeline remains strong and the Company expects to continue new sales conversions across the balance of the calendar year. These include both new client wins across the group and project work with government clients for ApplyDirect.

AD1 CEO, Prashant Chandra, said: "Cash receipts from organic growth for the first half increased by 42% compared to the first half of the prior financial year. This is especially pleasing considering the Company, as with most other businesses during COVID-19, experienced significantly delays in decision making from prospective customers as a result of the ongoing economic uncertainty."

"The new business pipeline remains strong and conversions are expected to resume with improving economic conditions. It is also important to note that the Company is yet to realise the full benefit of the new customer wins recorded in the first half of FY2020. The growing trend of meters under management from both existing and new customers is a positive indicator for a strong second half."

“On the ApplyDirect front, in addition to new business opportunities, the Company is working with both its government customers to scope out the next set of initiatives. The second half of the financial year has historically seen a strong uptake from our government customers in relation to project work and we expect the same for this year with opportunities in late-stage discussions.”

“AoM continues to impress with its performance being 80% ahead of prior year. AoM has signed up a significant number of new customers in the short time since acquisition and maintains a 100% renewal rate with existing customers.”

END

This release has been authorised by the directors of the Company.

Andrew Henderson

Chairman
AD1 Holdings Limited
03 8199 0455

Prashant Chandra

CEO
AD1 Holdings Limited
03 8199 0455

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

AD1 Holdings Ltd

ABN

29 123 129 162

Quarter ended ("current quarter")

31 December 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities	1,392	2,256
1.1 Receipts from customers		
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(294)	(562)
(c) advertising and marketing	(30)	(52)
(d) leased assets	-	-
(e) staff costs	(841)	(1,510)
(f) administration and corporate costs	(432)	(608)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(0)	(2)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives (less costs)	44	500
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(161)	23
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses (net of cash balance from subsidiary acquired)	(895)	(895)
(c) property, plant and equipment	(1)	(5)
(d) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(e) intellectual property (software development)	(8)	(34)
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(904)	(934)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,500	2,500
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(131)	(131)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	2,369	2,369

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	613	460
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(161)	23

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(904)	(934)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,369	2,369
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,918	1,918

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,918	613
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,918	613

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

199

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The amount at 6.1 includes payment of directors' fees, consulting services and payments to a director related entity (excluding GST and reimbursement for administrative expenses and travel expenses)

Quarterly cash flow report for entities subject to Listing Rule 4.7B

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities		-

7.5 **Unused financing facilities available at quarter end** -

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

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8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(161)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	1,918
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	1,918
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	12

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: n/a

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: n/a

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: n/a

Note: refer to the accompanying business update on further commentary on the company's outlook and future operating results.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 January 2021

Authorised by: **the Board of Directors**
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.